

This record is a partial extract of the original cable. The full text of the original cable is not available.

C O N F I D E N T I A L SECTION 01 OF 02 QUITO 000418

SIPDIS

E.O. 12958: DECL: 02/17/2015

TAGS: [PGOV](#) [PREL](#) [PHUM](#) [EC](#)

SUBJECT: ATTACK ON JESUITS ANOTHER SELF-INFLICTED FIASCO

Classified By: Charge d'Affaires Arnold Chacon, Reasons 1.4 (b)

1. (C) SUMMARY: The GoE's Social Welfare Ministry (MBS) February 10 ordered "dissolved and liquidated" the Mariana de Jesus Foundation (FMJ), a Quito-based, Jesuit-operated charitable organization. Days later, Ministry staff and police attempted to physically take possession of the FMJ facility but were repelled by employees and assistance recipients. Media and Embassy contacts deplored the MBS maneuver, calling it a power grab and retribution for the Jesuit's public opposition to President Lucio Gutierrez's "dictatorial" turn. Responding to the Ambassador's calls, GoE insiders claimed Gutierrez had no role in the operation; he would rescind the MBS order immediately. Said rescission occurred February 18, hours after an alleged assault on the Foundation's director but days after the administration absorbed another PR body blow. END SUMMARY.

Executive Order, Negotiations, Aborted Assault

2. (U) Social Welfare Minister Antonio Vargas, via MBS Resolution 4793, mandated the closure of the FMJ, a Jesuit-run organization formed in 1939 to develop "social programs of high moral standard for the benefit of Ecuador's needy." The Foundation helps thousands of families via health maintenance programs, soup kitchens, and aid to refugees, among others. USAID supported the FMJ in the 1980s, providing a \$630,000 grant to help kick-start the Solanda low-income housing project, which remains today a neighborhood of well-kept homes and safe streets.

3. (U) An MBS team February 14 arrived unannounced at FMJ's headquarters. They presented the ministerial order to shutter the Foundation and ordered staff to vacate. The decree claimed the Foundation lacked "legal standing," alleging FMJ had not reported to the GoE its director's name, board of directors membership, and legal representative. MBS Vice Minister Bolivar Gonzalez later informed media the NGO had invested monies in foreign entities, without elaborating why such actions were illegal.

4. (U) Despite apparently successful February 15 negotiations to allow FMJ's continued operations, the following day an MBS "liquidator" and police escort entered FMJ premises intending to take control. They were met by approximately 150 FMJ employees and beneficiaries who thwarted the attempt. Although no serious violence was reported, February 16 newspapers showed the liquidation team retreating at full run.

Explanations Fall in Two Camps

5. (U) Temperatures rising, the Embassy canvassed contacts for background and to ascertain reasons for the MBS takeover. Most considered it retribution against the Church and/or an MBS power grab. Father Mark Miles, Number 2 at the Vatican Embassy, noted February 16 that the FMJ had a stellar reputation here for professionalism and probity. The Jesuits had initiated an investigation, and should it show no FMJ wrongdoing -- Miles's prediction -- the Church would challenge the MBS decree in court. The Papal Nuncio also had directed a stern letter of protest to Foreign Minister Patricio Zúñiga.

6. (U) The Vatican diplomat surmised that the Church's opposition to "dictatorial" GoE actions underpinned the MBS takeover. Another factor was that Quito's Jesuit-run Catholic University had been "harboring" members of the Ecuador's old Supreme Court, which Congress, supported by President Gutierrez, had deposed in December 2004. "Smells like retribution," Miles wagered.

7. (U) Cesar Duque works at Quito's Human Rights Documentation Center (CEDHU). Duque February 16 told us that MBS's shut-down of the FMJ was rife with legal and procedural errors, a point made also by MFA Legal Advisor Marcos Almeyda February 18. There were financial factors at play, Duque believed, as the Foundation ran a large and successful low-cost housing program. With a successful takeover, MBS conceivably could commandeer the inventory as well as the FMJ's large endowment (which media reported at \$20 million).

FMJ Financial Director Francisco Guzman informed us February 17 the Ministry already had blocked FMJ bank accounts.

18. (U) Meanwhile, anti-government NGOs tell us a GoE witchhunt is afoot. Fearing they might "be next," their administration and financial staffs are crashing to ensure their books are in order. None wants MBS at the doorsteps.

Embassy Gets Involved

19. (C) Upon learning of FMJ's takeover, the Ambassador February 16 expressed deep concern to Presidential Secretary Carlos Polit. No matter the weight of MBS's charges, ordering camouflage- and bulletproof vest-draped police to occupy the well-respected NGO was bad politics. Polit swore Gutierrez had no prior knowledge of MBS's intent, calling the move an "uncoordinated error." The Foundation would re-open February 17, although the GoE's investigation into FMJ finances and activities would continue.

110. (U) The FMJ's Guzman informed the Embassy February 17 he had received no stay of execution. Worse, Guzman forwarded word of an assault against FMJ Director Francisco Pena. Thugs had cornered Pena just outside the Foundation, Guzman reported, demanding his briefcase and laptop computer. Meeting resistance, they physically overcame the director, took his possessions and fled. Media February 18 claimed the assailants had fired on Pena, a bullet grazing his foot.

111. (C) Concerned over an apparently worsening confrontation, the Charge contacted Polit February 18. The adviser revealed that President Gutierrez had conferred with Foundation principals until early hours of the morning. He reiterated that Gutierrez had ordered the MBS decree revoked. Polit believed that Gutierrez's actions had satisfied both FMJ and Nunciature officials, and pledged to investigate the assault against the FMJ director. The Embassy later confirmed the meeting and its results with Guzman. His organization still lacked notice in writing, however.

COMMENT:

112. (C) While Polit is one of few administration officials enjoying our trust, we are dubious the MBS hatched and conducted the FMJ takeover solo; other Gutierrez advisers likely played at least bit parts. The president himself recently railed against "foreign NGOs" destabilizing his administration, promising investigations and financial audits against them. And Citizen Participation, a USAID-sponsored, pro-democracy NGO, has earned the GoE's ire for helping to organize the February 16 pro-opposition march -- MFA officials, summoning the acting AID director February 18, claimed Gutierrez was disturbed over USG financial support for a "partisan, anti-government" organization. Rather than a coordination snafu, a more likely explanation for the MBS/FMJ fiasco is that administration officials, once again, did not think through a maneuver that was to paint them as freedom-of-expression opponents.

113. (C) More than ever, effective dialog between government and opposition is vital. Via its good offices, the Embassy will continue to push Gutierrez and his many enemies to the table for talks.
Chacon